

Before the Public Service Commission of Utah

IN THE MATTER OF THE APPLICATION OF LAKEVIEW WATER COMPANY FOR APPROVAL OF A GENERAL RATE INCREASE	DOCKET NO. 22-540-01 Lakeview Water EXHIBIT NO. 1.0 D
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DIRECT TESTIMONY OF RAY BOWDEN

For Lakeview Water

January 30, 2023

CONFIDENTIAL SUBJECT TO UTAH PUBLIC SERVICE COMMISSION RULES R746-1-602 AND 603

1 **Identification of Witness**

2 Q. Please state your name and position with Lakeview Water and Mountain Sewer.

3 A. My name is Ray Bowden. I am the President and owner of Lakeview Water (LW) and Mountain
4 Sewer (MS).

5 Q. Please describe how you became involved with Lakeview Water.

6 A. I acquired LW in 2011, when the original developer of the associated subdivision defaulted on a
7 loan that I held. At that time, I acquired the subdivision, Lakeview Water and Mountain Sewer
8 company.

9 **Purpose of Testimony**

10 Q. What is the purpose of your testimony?

11 A. I will describe the financial condition of the company at the time of acquisition and the steps I
12 have taken to keep the company viable, the increasing operational costs, and the necessity of
13 increasing rates.

14 **Original financial position**

15 Q. Please describe the financial position of the company when you acquired it in 2011.

16 A. Soon after I acquired the company, I became aware that the company was in default to several
17 suppliers.

18 As an example, LW was in default to Weber Basin Water. Weber Basin Water is the major water
19 supplier to LW and LW was in jeopardy of losing the long-standing water contracts with Weber
20 Basin Water.

21 Q. What action did you take to avoid default on this contract?

22 A. To maintain the contracts, I personally paid the amount due.

23 Q. Are there other instances where you had to step in and use personal funds to keep the company
24 operational in providing water to the community.

25 A. Yes.

26 Q. Do you know the total amount of money you have personally loaned the company?

27 A. Yes. The company balance sheet shows long-term notes payable of \$ [REDACTED]. I personally hold
28 all these notes.

29 Q. Have revenues generated by the current rates ever covered all the operational costs of running
30 the company?

31 A. No. During the last three years LW has experienced operational losses averaging over \$ [REDACTED]
32 per year.

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35 **Cost increases**

36 Q. Have there been recent cost increases? Please describe.

37 A. Yes. Recently our water operator was forced to retire due to health reasons. We were paying his
38 company approximately \$[REDACTED]/yr. To employ a qualified operator, we needed to match the
39 market rate and a competing offer which resulted in a salary of \$[REDACTED]. This cost is split
40 between LW and Mountain Sewer.

41 Q. Are there other cost increases?

42 A. Yes, I have decided to provide a long-overdue wage increase to our office staff.

43 **Legacy Mountain Estates**

44 Q. Describe Legacy Mountain Estates (LME).

45 A. LME is a 48-lot subdivision adjacent to LW. LW agreed to provide culinary water service LME
46 prior to its construction.

47 Q. Will LME build the infrastructure necessary to serve its housing units?

48 A. Yes. LME has built a 250,000-gallon reservoir, the necessary distribution lines, fire hydrants,
49 service lines and meters to each lot. After final inspection these assets will be deeded over to
50 LW. LW will then be responsible for operations and maintenance.

51 Q. Please describe the additional costs associated with LME?

52 A. LW will primarily see increased costs for electrical power to pump water to the new reservoir
53 and depreciation costs. These costs are detailed in the testimony of William Duncan.

54 Q. Along with the physical infrastructure, are there other assets that LW will acquire?

55 A. Yes. LME will transfer the water rights to an additional 26 – 30 Shares of Weber Basin water to
56 LW.

57 Q. Will existing customers of LW see a benefit from the added infrastructure and associated costs?

58 A. Yes. These benefits will be described in the testimony of Chad Kramer.

59 **Proposed Rates**

60 Q. Have you reviewed the proposed rate structure in this docket? Will these rates allow sufficient
61 revenues for LW to provide safe, healthy, and reliable drinking water to the customers of LW?

62 A. Yes, these rates will generate the necessary revenue for LW to meet operational requirements
63 and establish a capital reserve fund.

64 Q. Do you believe that the interim rates proposed are necessary?

65 A. Yes. LW continues to operate at a deficit. The interim rates proposed will provide some relief
66 until the Public Service Commission of Utah can issue a final order.

67 Q. Do you believe the proposed rates are just, reasonable and in the public interest?

68 A. Yes.

69 Q. Does this conclude your testimony?

70 A. Yes.